REMUNERATION POLICY

Article 1: Scope and Legal Basis

This Remuneration Policy sets forth the principles governing the remuneration of the members of the Board of Directors and employees with administrative responsibility of Koton Mağazacılık Tekstil Sanayi ve Ticaret A.Ş. (the "**Company**") in accordance with the applicable regulations.

This Remuneration Policy has been prepared in accordance with the Capital Markets Law No. 6362, the Corporate Governance Communiqué No. II-17.1 issued by the Capital Markets Board of Türkiye, and other applicable legislation.

Article 2: Purpose

The purpose of this Remuneration Policy is to ensure that the Company's remuneration practices are planned and implemented in accordance with the applicable legislation, the scope and nature of the Company's activities, and the Company's strategies and long-term objectives.

This Remuneration Policy has been established to attract new talent to the Company and retain high-performing employees.

In establishing this Remuneration Policy, industry benchmarks are taken into consideration to ensure competitiveness within the industry and reduce employee turnover.

Article 3: Remuneration Principles

The Corporate Governance Committee is responsible and authorized to review the Remuneration Policy and submit its recommendations to the Board of Directors for approval.

Members of the Board of Directors shall be paid remuneration in an amount determined annually by the General Assembly. In determining the level of remuneration for members of the Board of Directors, factors such as the responsibilities assumed in the decision-making process and the knowledge, skills, and competencies required of Board members shall be taken into consideration. Comparisons shall also be made with the remuneration levels of board members serving in comparable companies within the industry. Where members of the Board of Directors are assigned specific responsibilities in addition to their Board duties in support of the Company's activities, they may receive additional remuneration or benefits, beyond the remuneration approved by the General Assembly, upon the recommendation of the Corporate Governance Committee.

Payment plans based on the company's performance cannot be used in the remuneration of independent board members.

Executives with administrative responsibility shall be paid remuneration in the amount approved by the Board of Directors. The remuneration of executives with administrative responsibility shall be structured to encourage the achievement of the Company's short- and long-term objectives and support sustainable performance.

Subject to the approval of the General Assembly, the Company may adopt additional remuneration arrangements, such as loyalty bonus and share ownership programs, the terms and conditions of which shall be determined by the Board of Directors.

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Remuneration shall be aligned with the Company's ethical values, internal equity, and strategic objectives. Executives with administrative responsibility shall be remunerated fairly, taking into account the responsibilities they assume.

Base salaries shall be reviewed annually and determined by the Board of Directors upon the recommendation of the Corporate Governance Committee.

Bonus payments are intended to enhance employees' contribution to the achievement of the Company's objectives, promote sustained high performance, recognize individual performance, and reward employees who create value for the Company.

Based on the results of performance evaluations, employees whose performance exceeds expectations shall be eligible for higher salary increases and bonus payments. In determining salary increases and bonus payments, performance assessments for the relevant evaluation period shall be taken into consideration, and performance-based compensation, including bonus payments, shall not be guaranteed in advance.

Where an employee is promoted or transferred to a different position and such change results in a change to the employee's salary grade, the employee's new salary shall be determined based on the position of the new role within the applicable salary grade.

Remuneration, incentive payments and other employment-related benefits are treated as confidential.

The Company shall not extend loans or credit to members of the Board of Directors or executives with administrative responsibility or provide guarantees, sureties, or other security in their favor.

The Company shall reimburse the reasonable expenses incurred by members of the Board of Directors and executives with administrative responsibility in the performance of their duties and responsibilities.

The aggregate remuneration paid during the year to members of the Board of Directors and executives with administrative responsibility shall, in accordance with the applicable legislation, be presented for the information of the shareholders at the following General Assembly meeting and publicly disclosed as part of the Company's financial reports.

The Board of Directors shall be responsible for the implementation, development, and oversight of this Remuneration Policy. The Corporate Governance Committee shall, on behalf of the Board of Directors, oversee, monitor, and report on the implementation of the Company's remuneration practices.